

USA Capital

First Trust Deed Investment

Borrower: Brookmere, LLC, and Lord & Essex Matteson, LLC
The principals of the Borrowers are the owners of Lord & Essex, Inc., a commercial and residential developer that has been involved with the acquisition, development, and construction of over \$250 million of commercial and primarily residential projects.

Loan Amount: \$27,050,000

Rate: 12% (net) interest paid monthly

Borrower Equity: The Borrowers have contributed \$9.4 million to the purchase of the property that will remain in as equity for this loan.

Loan to Value: Approximately 73.8%, based on an appraisal of the commercial property dated June 21, 2002 by Valuation Management Consultants, Inc., and for the residential property at cost.

Maturity: October 30, 2005

Collateral: First Deed of Trust on approximately 156 acres a portion of which will be developed into 706 single-family lots, of which 334 will be finished lots, and the balance will have grading and off-site improvements completed. The balance of the property consists of approximately 60 acres of commercial/retail property that will be completed with infrastructure. The project is located at the interchange of Highway 57 and Vollmer Road in Matteson, Illinois.

The Project: Brookmere is a mixed use planned unit development consisting of 706 residential units and approximately 60 acres of commercial/retail property in Matteson, Illinois, which lies approximately 30 miles southwest of Chicago. The project will consist of a mix of single family, town home, and condominium units, as well as commercial pads for retail, restaurant, and office uses. The project is adjacent to the Matteson City Hall, and

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police station, and will also incorporate paseos, parks and lakes as part of the overall development. Prices for the residential units are expected to

range from \$165,000 to \$250,000, with commercial property expected to range from \$6.00 per square foot to \$18.00 per square foot.

Use of Proceeds: Proceeds from the loan will be used to retire existing debt on the property, and provide for the backbone infrastructure of the property, as well as the completion of 334 residential lots.

Exit Strategy: The loan will be repaid from construction loans for the homes to be built at the project, from sales of the commercial property, and eventual refinancing of the project from an institutional lender.

Guarantees: The loan will be guaranteed by Christopher Smith, and John Popp, the principals of Lord & Essex, Inc. MSSRS. Smith and Popp indicate a combined net worth in excess of \$20 million. Lord & Essex, which will build out the residential units, had 2002 sales of \$23.5 million.

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